

Credit Cards - Does It Really Pay To Be Loyal?

Like everyone else today I'm being constantly bombarded by the credit card companies to take out their latest credit card offer.

If it isn't through my letterbox, then it's on the radio, or the television. I can't even open a glossy magazine without half a dozen inserts falling out regaling me with the benefits of this or that new credit card.

One company was so helpful they recently sent me their application form through already filled in, all I had to do was sign and send the form back.

Be it an [interest-free balance transfer](#), interest-free purchases, free plane tickets or loyalty points there seem to be an infinite variety of offers to pique my interest.

So, how much money are these companies spending on their marketing efforts?

It must run into the millions. Think about it: television ads, radio ads, billboard ads, internet advertising and magazine advertising. The credit card companies are spending millions trying to entice us away from our current providers.

One recent advertisement I saw in the television stated 15 months interest free balance transfers.

So how can they afford to do it? If you sit back and think about it there are really two reasons.

Laziness, we are given the opportunity to transfer our credit card balance, we start off with good intentions.

Yes, we are going to overpay on a regular basis, no we aren't going to spend on the card, yes we will have paid off the balance by then end of the interest-free period.

Then, 10 months later, oops! The credit card companies have been collecting data for years and years, they know that we're too lazy to transfer that balance right now, they know that when we're walking past that shop that the plastic in our wallet is shouting 'go on buy it', and we do. Also, what the credit card companies also know but fail to tell us is that while we transfer any balance for free, any purchases are added to the balance and incur interest. Not only that but the purchases are not paid off until we have paid off our transferred balance that means the money that we spend from month 1 of your new card keeps gaining interest right from the word go.

Loyalty, it seems that once upon a time loyalty was a highly regarded commodity. Nowadays it would appear that loyalty is much abused and penalised.

Who pays for the credit card companies to send out their mail-shots, print their full-page glossy ads, record their tv commercials? How can they afford to give 10, 12, 15 months free credit?

Where do they get the money from? The answer is that it can only be loyal customers as they are the only people paying. The people who month in month out pay their bills whilst chipping away a little at the outstanding amount, but who are paying interest all of the time. For being loyal you are paying someone else's interest.

If I came round to your house and asked you to pay my credit card bill for me, would you do it?

About the Author

Read more about current UK credit card rates at [Credit card review](#), and find out about the [best credit card offers](#) that are around at the moment.

Source: <http://www.spivo.com>